



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 85-20 – Regulations Governing the Practice of Medicine, Osteopathic Medicine, Podiatry and Chiropractic Department of Health Professions November 2, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Medicine (board) proposes to amend the licensure requirements for graduates of medical schools not approved by an accrediting agency recognized by the board. The proposed regulations will specify that at least one of the required two years of postgraduate training or study in the United States or Canada be as an intern or resident in a hospital or health care facility.

Estimated Economic Impact

The 2003 General Assembly amended Section § 54.1-2935 of the Code of Virginia to reduce the requirement for postgraduate training for graduates of non-approved programs in medicine from three years to two years. Accordingly, the board amended its regulations for physician licensure to require two years of satisfactory postgraduate training. Prior to 2003, the board allowed such a graduate to substitute other postgraduate training or study for up to two of

the required three years, but required at least one year of training as an intern or resident in a hospital or health care facility offering an approved internship or residency training program. With the reduction in total required postgraduate training to two years, it became possible for all of the postgraduate training to be met without any period of internship or residency. According to the department this was unintentional. The board believes at least one year of supervised postgraduate training is essential to ensure that a graduate has the knowledge and skills necessary to practice medicine with safety and competency. Thus, the board proposes to specify that at least one of the required two years of postgraduate training or study in the United States or Canada be as an intern or resident in a hospital or health care facility.

The regulations have continued to require one year of satisfactory postgraduate training as an intern or resident for graduates of approved programs of medicine. It makes little sense to require less supervised training for graduates of non-approved programs. It seems likely that the proposed amendment will add significant benefit in terms of greater assurance of competency for licensed physicians who graduate from non-approved programs. According to the department the difference in reimbursement to a person serving in a residency versus in a fellowship varies, but at the Medical College of Virginia fellows earn approximately \$800 more annually than do residents. Though, the department states that in some settings the salary for a fellow is actually less than that for a resident because the facility can bill for the resident's services. Thus, under the proposed amendment one or two individuals may potentially have their earnings reduced by an amount likely less than \$1,000 per year. Overall, the proposed amendment will likely produce a net benefit.

Businesses and Entities Affected

The proposed amendment affects graduates of medical schools not approved by an accrediting agency recognized by the board who wish to satisfy the requirement for two years of postgraduate training without at least one year as a resident or intern. According to the Department of Health Professions (department), there are one or two such applicants per year.

Localities Particularly Affected

The proposed amendment does not disproportionately affect particular Virginia localities.

Projected Impact on Employment

One or two persons will likely seek employment as a resident or intern rather than a fellow or instructor each year.

Effects on the Use and Value of Private Property

According to the department the difference in reimbursement to a person serving in a residency versus in a fellowship varies, but at the Medical College of Virginia fellows earn approximately \$800 more annually than do residents. Though, the department states that in some settings the salary for a fellow is actually less than that for a resident because the facility can bill for the resident's services. Thus, one or two individuals may potentially have their earnings reduced by an amount likely less than \$1,000 per year.

Small Businesses: Costs and Other Effects

The proposed amendment will not likely significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Since the proposed amendment is not likely to significantly affect small businesses, there is no alternative method that minimizes adverse impact.